

806 KAR 2:150. Collection fee.

RELATES TO: KRS 91A.080, 91A.0804, 304.3, 304.10-120

STATUTORY AUTHORITY: KRS 91A.080(4), KRS 304.10-180

NECESSITY, FUNCTION, AND CONFORMITY: KRS 91A.080(4) requires the Department of Insurance to promulgate an administrative regulation to provide for a reasonable collection fee to be retained by the insurance company or its agent as compensation for collecting the local government premium tax. This administrative regulation sets forth the standards for a reasonable collection fee.

Section 1. Definitions. (1) "Collection fee" means the fee established in KRS 91A.080(4).

(2) "Insurance company" means:

(a) An entity holding a certificate of authority in accordance with KRS 304, Subtitle 3; and

(b) A surplus lines broker licensed in accordance with KRS 304.10-120.

(3) "Local government tax" or "tax" means the license fee or tax imposed by a local government in accordance with KRS 91A.080 except for the collection fee.

Section 2. Collection Fee. (1) An insurance company may charge to and collect from an insured a collection fee in addition to a local government tax.

(2) The maximum collection fee that an insurer may charge is set forth in KRS 91A.080(4).

(3) The collection fee shall be retained as compensation for collecting the local government tax by:

(a) The insurance company; or

(b) An agent in accordance with an agreement between the insurance company and its agent.

(4) The insurance company shall pay the full amount of the refund, including any collection fee that has been retained, to the policyholder if a refund of a local government tax is owed:

(a) To an insured pursuant to KRS 91A.0804(3), and the amount of the tax to be refunded is not owed to another local government; or

(b) To an insured pursuant to KRS 91A.080(3).

(5) A collection fee refunded in accordance with subsection (4) of this section shall be returned to the policyholder on pro rata basis in the same manner that the refund of the tax is made. (37 Ky.R. 1938; 2438; eff. 6-3-2011.)